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SIPDIS

C O R R E C T E D C O P Y (ADDRESSEES ADDED)

SENSITIVE  
SIPDIS

STATE FOR SCA/A, SCA/FO (A/S BOUCHER, GASTRIGHT, DEUTSCH)  
STATE PASS USTDA FOR DSTEIN/SGREENIP  
STATE PASS OPIC FOR MOSBACHER AND ZAHNISER  
MANILA PLEASE PASS ADB/USED  
MSC FOR AHARRIMAN  
USAID/AA/ANE FOR JKUNDER  
TREASURY FOR ABAUKOL, VELTRI  
CENTCOM FOR CG CFC-A

E.O. 12958: N/A

TAGS: [EAID](#) [ECON](#) [PREL](#) [PGOV](#) [ENRG](#) [AF](#)

SUBJECT: JOINT COORDINATION AND MONITORING BOARD: ENHANCED  
STATURE, NEW IMPETIS FOR COMPREHENSIVE APPROACH

#### SUMMARY

1. At the high-level session of the Afghanistan Joint Coordination and Monitoring Board (JCMB) in Berlin January 30-31, donor Government representatives and Afghan partners renewed their commitment to realize the political vision outlined in the January 2006 Afghanistan Compact. In the opening session discussions with key Afghan ministers, Political Directors and senior diplomats from capitals, together with Ambassadors from Kabul, took stock of key challenges and issues facing Afghanistan and reaffirmed the JCMB as the mechanism of choice for international coordination. Most donors were in agreement that similar high-level gatherings of the Joint Coordination and Monitoring Board, held in a foreign capital outside of Kabul, should become an annual event to keep Afghan reconstruction in the spotlight. The U.S. won repeated kudos from the assorted speakers for its announcement of \$10.6 billion in newly requested assistance. Assistant Secretary Boucher urged donors to prepare for a year of testing in 2007 as insurgent activity picked up, and called on other donors to consider new commitments. Following Boucher's lead, other donors lent unprecedented support for the comprehensive approach outlined by the U.S. at the January 26 NATO Ministerial. Other key themes echoed by Political Directors included the importance of:

Finding ways to strengthen Afghan ownership of the reform process, as well as communicating the Government's political vision and delivering basic services to Afghan citizens, especially beyond Kabul.

Accelerating security sector and judicial reform and identifying funding for Afghan Government costs required for stepped up Afghan National Army and Afghan National Police recruitment.

Intensifying government anti-narcotics efforts.

Strengthening assistance coordination, particularly in building Afghan government capacity and enhancing aid effectiveness.

12. The second-day session, on January 31, took the form of a regular Joint Coordination and Monitoring Board quarterly business session. The agenda opened with a formal decision to admit Spain to the Board, along with agreement to a pause in considering additional new members until 2008. Reviewing the government's budget, Afghan Finance Minister Ahadi signaled that requirements for additional security spending would require additional budget support from donors, as well as a greater degree of flexibility from the International Monetary Fund. To address the security threat, Ambassador Neumann called on partner countries to help cover the additional salary costs of accelerated Afghan National Army recruitment. Afghan National Security Adviser Rassoul highlighted efforts on the civilian side, including progress on police reform and plans for increased police recruitment. The EU Special Representative announced EU progress towards a final decision (probably in February) to send an EU Police Mission to Kabul, and signaled interest in close coordination with the well-established U.S. program for police training and mentoring. Finally, a U.S. non-paper generated a strong consensus that the UN Assistance Mission in Afghanistan needs to engage the Afghan Government on early planning for the 2009 elections in order to sort through a multitude of sensitive political and financial issues, including creating a national voter registry, and completion of a national census. Donors will need to consider additional funding for new election expenses and back bills. Donors welcomed a position paper circulated by the Afghans to frame the two-day discussion, but there was minimal reference to an accompanying Afghan list of priority projects requiring additional funding support from donors. The regular Monitoring Board meeting took decisions:

- to establish a Ministry of Interior taskforce with key donors to revisit the Afghan Compact's target force levels for the Afghan National Police;

- that the Finance Ministry establish a more effective donor assistance reporting system, and design a framework to assess development outcomes;

- that the Ministry of Counter-Narcotics prepare an action plan for donor support of its National Drugs Control Strategy; and

- to extend three Afghan Compact benchmarks for drafting Minerals Law regulations, completing a Skills Development Labor Market Study, and liquidating state-owned banks that have not been re-licensed.

There was a recurring theme of the Afghan Government's need to address corruption. The Government pledged in day one to undertake an active eradication program and requested an international review of the counter-narcotics strategy on day

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two. Several delegations noted their opposition to spraying.  
END SUMMARY.

FRAMING THE POLITICAL DIRECTORS MEETING ) DAY ONE

13. On January 30 in Berlin, German Foreign Minister Steinmeier and Afghan Foreign Minister Spanta convened the first Political Director-level gathering of the Joint Coordination and Monitoring Board. In his welcoming remarks, Foreign Minister Spanta thanked the international community for making possible the many positive achievements in Afghanistan, while making clear that the Afghan Government viewed the Board as its preferred entity for international aid coordination. Spanta recounted progress on key Afghan Compact benchmarks, and announced that the next Regional Economic Coordination Conference on Afghan reconstruction would be held in Islamabad, a significant development in light of the recently strained relations between Afghanistan and Pakistan. Spanta also called on Board members to

proportionately change the way aid was distributed, with a focus on the important task of building Afghan capacity and channeling more international aid directly through the Afghan Government, a plea that was echoed throughout the session by subsequent Afghan speakers -- Finance Minister Ahadi and Minister of Education Atmar. He challenged donors to take a hard look at their technical assistance expenditures, alleging the international community had received less than full value from the \$1.6 billion spent since 2001 on foreign consultants. Minister of Economy Shams detailed a greater need to coordinate technical assistance with the Government of Afghanistan.

¶4. On counter-narcotics, Spanta and Afghan Coordination and Monitoring Board Co-Chair Ishaq Nadiri soundly rejected ground or aerial-based spray initiatives during the coming growing season. Afghan Education Minister Atmar subsequently made an impassioned appeal for donor support in combating narcotics trade. Atmar said that narcotics are the enemy of everything Afghanistan stands for, and are a matter of life and death.<sup>8</sup> He said that government has taken a decision to step up its eradication efforts, seeing this as its only option at this point,<sup>8</sup> given the record poppy acreage planted to farmers. (Comment ) the Embassy had reacted to an advance draft of an Afghan scope paper intended to frame the Board's discussion, by pointing out that the draft emphasized the importance of developing alternative livelihood incentives for farmers, without adequately addressing the need for strong deterrence measures, including interdiction and eradication. Atmar's comments appeared to be not only a reaction to the U.S. input but also a strong reaffirmation of the need to eradicate. The Afghans had immediately revised their scope paper to emphasize that deterrent measures are a key component of their counter-narcotics strategy. End Comment).

¶5. UN Special Representative and Board Co-chair Tom Koenigs injected a sense of urgency, underscoring that it is a critical moment for Afghanistan, and that the significant progress in creating a new democracy could be undone should international support be seen to waver. Koenigs characterized Afghanistan as a post-devastation<sup>8</sup> situation, whereby long-term international commitment to the country's transformation will be critical to success. He noted the need for increased government outreach and presence beyond Kabul, and reported that the UN Assistance Mission in Afghanistan is setting up new regional offices ) 4 opened already in 2006 and another 5 are planned in 2007. Koenigs also emphasized the importance of regional cooperation. In this context, he specifically condemned reports that Pakistan is proposing to mine its border with Afghanistan.

#### DAY ONE SPEECHES AND ATMOSPHERICS

¶6. The first-day meeting, which lasted over five hours, yielded a steady chorus of speeches, with some familiar as well also some new, constructive themes. A common thread from all corners was the universal endorsement of the need for a comprehensive approach combining military action with civilian reconstruction. This sentiment represents a marked evolution from the predominant debate of five years ago, when the U.S. endured significant criticism for its introduction of the Provincial Reconstruction Team concept and allegations of how this model dangerously blurred the lines between civil-military affairs. Other less useful interventions by Board member delegations were a combination of donors monotonously touting their own development achievements, outlining challenges ahead, and offering generic suggestions for improving aid coordination. France forcefully lamented the proliferation of Afghanistan's narcotics trade as a threat to its own national security, but offered no new proposals or initiatives to alleviate the problem. Italy

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unilaterally promoted its idea to host up to three future events on Afghanistan ) a high-level international

conference, a Rule of Law event in Rome, and a February roundtable in Rome with prominent Afghan women. However, privately Italian delegate Anna de la Croce told Ambassador Neumann that the idea of a broad strategic conference was for domestic Italian consumption, and she did not expect her government to push the issue. No new financial pledges were made during the course of the Political Directors session, though Norway did indicate it would double its annual commitment to Afghan reconstruction from 30 million to 60 million euro.

17. Assistant Secretary Boucher outlined the new U.S. assistance request of \$10.6 billion as the culmination of a detailed strategy review to pursue a comprehensive assistance strategy combining security and reconstruction. But he framed expectations by cautioning that the aid would not materialize immediately; it would take at least 12 months for this aid to turn into real projects on the ground. Boucher urged donors to prepare for a year of testing in 2007 as insurgent activity picked up, but not to lose focus on the need to keep up political and economic support for Afghanistan. Afghanistan had overcome a lot over the last quarter century, but still faced a long road of challenges ahead and the success or failure of international efforts would have serious international ramifications. Combined Forces Command-Afghanistan (CFC-A) Commanding Officer Lt. General Karl Eikenberry lent his voice to outline broadly the rationale and modalities behind U.S. efforts to build and equip the Afghan National Army, consistent with the recent Afghan Government decision to accelerate the pace of recruitment.

8.(SBU) The political directors, discussion was also flavored from time to time with subtle regional posturing, but the dialogue remained constructive overall. India proudly highlighted its recent announcement of an additional \$100 million assistance pledge (in addition to \$750 million already pledged since 2001), but also posited that the source of Afghanistan's instability should be more explicitly reflected in the quarterly Coordination and Monitoring Board reports. During its turn to speak, Pakistan was surprisingly restrained, pledging that a stable Afghanistan was in the entire region's interest and that a holistic approach combining security and reconstruction was needed to move forward. The Pakistani representative also directly addressed the issue of mining its border with Afghanistan (which Koenigs had earlier criticized in his comments) by stating that its primary intent was border stability but no final decisions had been made. Islamabad, he commented, would be quite willing to consider any alternatives that the international community could recommend. Iran, in turn, highlighted its friendship with Afghanistan and condemned the Taliban and other radical elements while wondering aloud why the plethora of foreign troops in the country was unable to stem the narcotics tide. It called for accelerating the Afghanization of the national security forces in order to speed the departure of foreign forces. China and Russia both highlighted Afghanistan's narcotics trade as a regional threat.

DAY TWO ) REGULAR JCMB IV

19. Board Membership: The January 31 session took the form of a regular Joint Coordination and Monitoring Board quarterly business session with delegations led for the most part by Ambassadors and other Kabul-based member country diplomatic and development agency representatives. This day-two session opened with a formal decision to admit Spain to the body. Co-chair Koenigs indicated that agreement on specific criteria for membership had proved difficult in the past, and he was not eager to resume that effort. In lieu of this, he proposed agreement on a pause in taking in new members, extracting consensus from those present that any additional membership requests that may arise should be deferred until 2008. In response to a UK inquiry suggesting that members encourage the International Monetary Fund to seek membership, Koenigs recalled that the Fund had passed on membership earlier when the Board was being formed. He

ventured that any Fund interest at this point could be most easily addressed through permitting it to participate in future sessions upon request, but as a non-member. Should the International Monetary Fund desire full membership, that could be addressed in 2008.

¶10. Afghan Budget Pressures: Afghan Finance Minister Ahadi then took the floor to present a Government of Afghanistan report on Public Finances (a copy is being transmitted to the SCA Afghanistan desk). Ahadi reported satisfaction over

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Government progress meeting revenue targets, and more recently improving its performance on execution of its development budget. For the current Afghan year 1385, he reported a steady rise in expenditure of development funds through the Afghan budget, which he expected to reach 60 percent of the budgeted figure, which would represent a substantial improvement from the previous year. Ahadi signaled, however, that achieving fiscal sustainability from the government's own resources, in connection with its Afghan Compact benchmark, is proving to be a much bigger challenge. According to Ahadi, the Government's ability to reach these targets has been seriously complicated by the very strong and legitimate need for additional security spending. He concluded that Afghanistan will need a significant increase in foreign assistance to both its development and recurrent budget in this area,<sup>8</sup> as well as additional flexibility from the International Monetary Fund to take into account these increased budgetary requirements. To produce the required results, Ahadi added that a significant increase in aid effectiveness is also a critical ingredient.

¶11. Strengthening the Army and Police: Ambassador Neumann called on partner countries to join in providing budget support to help cover some of the additional salary cost resulting from accelerated Afghan National Army recruitment. Afghan National Security Adviser Rassoul then highlighted parallel efforts needed on the police side, as the Government moves to complete the third phase of its police reforms. The EU Special Representative described EU progress towards sending an EU Police Mission to Kabul. A decision is expected in mid-February. This will be followed by the development of a detailed concept. The mission might arrive in Afghanistan by April or May. He cited the goals of putting 160 police trainers and mentors in place in the coming year. The German Ambassador then commended the latest conclusions of Afghan probationary boards for senior police appointments, and endorsed the need for a Joint Coordination and Monitoring Board Task Force to look at increasing total force requirements for the Afghan National Police from the 62,000 target that had been agreed within the Afghan Compact. The Afghan Government is currently exploring the need for force increases up to as much as 82,000 police, and a working group will present a specific recommendation at the next Board meeting to formally revise the London benchmark. Ambassador Neumann endorsed the call to review Afghan National Police force levels, welcomed the proposed EU police mission, and indicated U.S. interest in developing effective coordination between our efforts and those of the EU. Norway and Canada expressed interest in cooperating with the EU mission, and Canada described a shortfall of police forces in the South as damaging to military efforts there. Finance Minister Ahadi concluded that getting firm international commitments for the Afghan Government's Law and Order Trust Fund for the police (known as LOTFA<sup>8</sup>) was critical to the budget he is finalizing for Afghan year 1386 (which begins March 21). Ahadi plans to submit his budget on February 6, and reported that it assumes commitments of \$123 million dollars by donors to the Trust Fund.

¶12. Election Issues: A productive discussion on the need to prepare for Afghanistan's next round of presidential and parliamentary elections (scheduled for 2009) centered on a U.S. non-paper that was circulated prior to the Board



meeting. Ambassador Neumann lamented the absence of any meaningful discourse related to planning for the next election cycle. He pushed the Afghan Government to take ownership of the process and begin making difficult decisions, including the establishment of a rational elections calendar. Ambassador Neumann also urged the international community to factor in requisite financial support as governments prepared their out-year assistance packages to Afghanistan.

¶13. The U.S. intervention was well received. Germany, Canada, India, Netherlands, Norway, and the EU voiced strong support for early elections planning, and called for the UN Assistance Mission to initiate meetings with the Afghans in Kabul to sort through the multitude of sensitive political and financial issues facing Afghanistan, not the least of which includes the completion of a national census. India advocated against another expensive set of elections, and implored planners to rationalize the cost structure of the next elections in order to promote Afghan ownership and decrease donor dependence. The UN remained mostly silent during the discussion, except to note that the budget shortfall resulting from the 2005 parliamentary elections had still not been reconciled. Finance Minister Ahadi defended the cost of the previous elections as justifiable when considering what Afghanistan was emerging from and the value of steering the fragile country on the path to a genuine democratic future. Ahadi did acknowledge, however, that it was time for the Afghan Government to step up and begin

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preparing for the next election cycle, as well as to rein in costs, which were not sustainable.

¶14. Afghan capacity building: The World Bank drew attention to a paper it had circulated (stimulated by a USAID draft) on how to improve coordination of donor capacity building efforts, and called for this to be a major focus for the next meeting of the Afghan Development Forum (an annual Afghan Government meeting with its development agency partners), which is expected to coincide with the next Monitoring Board meeting, now slated for late April. In response, Afghan Minister of Economy Shams outlined Afghan plans to finalize a national Strategy for Human Resource Development in time for the Development Forum meeting. According to Shams, key tenets will focus on vocational training, on-the-job training, and civil service reform. Ambassador Neumann and USAID Director Waskin highlighted our initiatives to enhance Afghan capacity, and several delegations called for consideration of a new Afghan Reconstruction Trust Fund window to permit donors to designate additional funds for this purpose. Ahadi opposed the opening of an additional window as complicating the Government's budget management.

¶15. The World Bank representative additionally called attention to the issues of Afghanistan's eligibility in the future for the bank's International Development Agency soft credit facility, which is due to be phased out for Afghanistan over a 4-year period beginning with the bank's FY08 budget. According to the bank's representative, the phase-out is scheduled in accordance with current limits on assistance for post-conflict countries, even though it is not clear that Afghanistan accurately fits the definition of a post-conflict state. (COMMENT: Embassy Kabul will follow up on this issue and report on its implications to Washington).

The World Bank also drew attention to the significant work that will be required to finalize the draft Afghanistan National Development Strategy, which has a completion deadline of March 2008.

¶16. Afghan Justice Minister Danish submitted a report on capacity gaps in the legislative process, which included a list of 20 prioritized pieces of legislation identified for submission to parliament over the next year. He asked donors to consider strengthening assistance to his ministry as well as the Afghan parliament to help accelerate drafting and coordination of new legislation. The EU Representative drew particular attention to the draft media law as critical to

establishment of Afghanistan as a pluralist, democratic state, and urged the government to ensure that the Parliament does not undermine the freedoms laid out in the government,s current draft bill.

¶17. The JCMB IV regular meeting concluded with a request from Board Co-Chair Koenigs for endorsement of several actions proposed by Afghan National Development Strategy Working Groups that had coordinated input for the meeting. Pursuant to his motion, it was decided that:

The Ministry of Interior will form a taskforce with key donors to revisit the target force levels for the Afghan National Police set in the Afghan Compact, and report its recommendations to the next quarterly Board meeting;

The Finance Ministry should work with donors to establish a more effective reporting system on assistance, and design a framework to assess development outcomes, in time for the next Board meeting;

The Government of Afghanistan should complete its strategy for building Afghan Capacity in time for the next Joint Coordination and Monitoring Board meeting; and

The Ministry of Counter-Narcotics should prepare an action plan for better coordination of donor efforts to support its National Drugs Control Strategy; and

Three Afghan Compact benchmarks should be extended because completion by the original target dates is no longer realistic, specifically:

- o A 9-month extension for drafting Minerals Law regulations.

- o A 4- month extension for completing the Skills Development Labor Market Study, and

- o A 6-month extension for liquidation of state-owned banks that have not been re-licensed.

17.(SBU) COMMENT: Revisiting the benchmarks set in London a year ago and reaffirming the international community,s commitment to Afghan security and reconstruction was an important purpose well served by the Berlin meeting. Unlike London, however, the Berlin meeting is likely to have little resonance among average Afghans, whose focus is on delivery of results now. The Joint Coordination and Monitoring Board,s Afghan and international members will return to Kabul determined to renew their effort to get the job done. The Board remains the prime instrument for coordinating

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Afghan reconstruction; donors agreed that while minor adjustment of the mechanism may be useful, there is no need to look for new actors (e.g. NATO or the EU) to play a lead coordinating role. The Afghan Compact remains the accepted comprehensive strategy for Afghanistan. END COMMENT.

¶18. Assistant Secretary Richard A. Boucher has cleared on this cable.

TIMKEN JR